

## Message Text

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21

ACTION ABF-01

INFO OCT-01 EUR-12 NEA-10 ISO-00 FSE-00 OPR-02 A-01 FRB-01

TRSE-00 CIAE-00 INR-07 NSAE-00 XMB-04 OMB-01 /040 W

----- 046199

R 031156Z JUL 75

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 9678

INFO AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

AMEMBASSY LONDON

UNCLAS NEW DELHI 8901

E,JN 11652: N/A

TAGSGC FIN IN

SUBRCT: RSRVE BANK ANNOUNCES NEW RUPE POUND-STERLING

EXCHANGE RATS

1. ON JULY 2, 1975 THE RESERVE BANK OF INDIA (RBI) ANNOUNCED NEW RUPEE POUND-STERLING EXCHANGE RATES FOLLOWING RECENT PRESSURE ON POUND-STERLING IN INTERNATIONAL MARKETS. THE NEW SPOT RATES OF POUND-STERLING FOR RS. 100 ARE: (A) L 5.3907 FOR BUYING COMPARED TO L 5.333 PREVIOUSLY; AND (B) L 5.619 FOR SELLING COMPARED TO L 5.3050 PREVIOUSLY. THE RBI WILL CONTINUE TO PROVIDE FORWARD EXCHANGE COVER UP TO A PERIOD OF 9 MONTHS BY ADDING A MARGIN OF L 0.0125 FOR RS. 100 (0.23 PERCENT) FOR THREE MONTHS OVER THE SPOT BUYING RATE. AS A RESULT, THE FORWARD BUYING RATES FOR POUND STERLING FOR RS. 100 ARE: (A) L .4032 FOR 3 MONTHS; (B) L .4157 FOR A PERIOD OF 6 MONTHS; AND (C) L 5.4282 FOR A PERIOD OF 9 MONTHS. THE RBI MAY UPON REQUEST PROVIDE FORWARD COVER FOR AN ADDITIONAL PERIOD OF 3 MONTHS BY ADDING A MARGIN OF L 0.0125 FOR RS. '100,

2. THE REVISD RATS AMOUNT TO A REVALUATION OF THE INDIAN RUPEE BY ABOUT 1.1 PERCENT AGAINST POUND-STERLING. INDIAN RUPEE GENERALLY REVALUED AGAINST OTHER CURRENCIES BECAUSE RUPEE CONTINUES TO BE LINKED WITH POUND-STERLING.

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3. COMMENT: REVALUATION OCCURRED BECAUSE GOI APPARENTLY DECIDED

THAT ITS BALANCE OF PAYMENTS POSITION WAS SUFFICIENTLY STRONG  
SO THAT THE RUPEE NEED NOT EVALUE AS MUCH AS POUND--STERLING  
HAD IN RECENT DAYS. IF THERE IS A FURTHER DECLINE IN STERLING  
RATE, THE RBI MAY AGAIN REVISE BUYING AND SELLING RATES OF THE INDIAN  
RUPEE IN RELATION TO POUND-STERLING TO PROTECT THE RUPEE FROM  
FURTHER DEPRECIATION AGAINST OHER CURRENCIES. SINCE THE RUPEE  
REVALUATION IS RELATIVELY SMALL, IT WILL HAVE NO APPRECIABLE  
IMPACT ON INDIA'S FOREIGN TRADE. SAXBE

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## Message Attributes

**Automatic Decaptioning:** X  
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**Current Classification:** UNCLASSIFIED  
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**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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